

NOTE: Page references noted in the following *Supplemental Instructions for Final Fiscal Year SBT Filers* and *Additional Instructions Pertaining to Specific Forms* correspond to the 2007 SBT Instruction Book (Form #3435).

[Supplemental Instructions for Final Fiscal Year SBT Filers](#)

[Additional Instructions Pertaining to Specific Forms](#)

2007 Supplemental Instructions for Final Fiscal SBT Filers

① **Note:** These instructions for fiscal year SBT filers are meant to supplement the standard instructions, not to replace them.

Per PA 325 of 2006, the SBT is repealed on business activity after December 31, 2007.

A fiscal year SBT taxpayer must file a short year return for the period from the beginning of its 2007-08 fiscal year through December 31, 2007. The filing deadline for that final return is April 30, 2008. If the standard SBT extension period is not sufficient to allow a fiscal year taxpayer to gather necessary information for its final SBT return, Treasury will, upon request, grant a special extension appropriate to the circumstances. As with any extension, a request for a special extension beyond December 31, 2008 must comply with Single Business Tax Act (SBTA) section 73 in that substantially all of the tax estimated to be due must be paid with the request.

Taxable Year. A 2007-08 fiscal year is required to close on December 31, 2007 for SBT reporting purposes. Enter the beginning date (month) that corresponds to the taxable period as reported to the IRS, and enter December as the ending month.

Computing the Final Return for a Period of Less Than 12 Months. A fiscal year taxpayer with a tax year ending in 2008 may elect to compute the tax for the final, short-period ending December 31, 2007, in accordance with one of the following methods:

1) Annual Method. The tax may be computed as if the SBT Act were effective throughout the taxpayer's 2007-08 federal tax period. The gross receipts and the tax base will then be multiplied by a fraction, in which the numerator is the number of months of the federal period that fall in 2007, and the denominator is the number of months in the full federal period (typically 12).

2) Actual Method. The tax may be computed by determining the actual tax base in the final taxable year/short-period in accordance with the method of accounting used in prior fiscal years, which reflects the actual tax base attributable to the period.

Example: Using the annual method, a taxpayer with a fiscal year-end of August 31 would compute the tax base on full year numbers (September 1, 2007 through August 31, 2008 annual accounting period), and then multiply that amount by 4/12 or 1/3 for the short year of September 1, 2007 through December 31, 2007.

Alternatively, the same taxpayer could choose to compute the actual tax base for business activity occurring in the short year of September 1, 2007 through December 31, 2007 using the same method of accounting

employed in prior years. The method used (annual or actual) to file the final fiscal SBT return must be used when filing the initial fiscal MBT return.

Filing for a Tax Year Less Than 12 Months. All standard practices pertaining to annualization and proration will apply for the qualification and calculation of credits and adjustments on the final SBT filing for a period less than 12 months.

Annualizing. If a business operated less than 12 months, annualize to determine which forms to file and the eligibility for a standard small business tax credit or the alternate tax. Annualized business income will also determine the amount of an unincorporated credit. Fiscal year filers choosing the annual method of computing their tax base will report the figures using annualized amounts on their returns. For all other taxpayers, including fiscal filers using the actual method, do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits. See General Instructions on page 7 for further details.

Prorating. The statutory exemption, including increased exemptions, must be prorated. Use Form C-8043, *SBT Statutory Exemption Schedule*.

Federal Returns. If you choose the annual method to compute your final fiscal return, attach copies of all federal forms required. See page 22 for details. If you choose the actual method to compute your final return, attach a pro-forma federal return reflecting your actual income and expenses, prepared in accordance with the method of accounting used in prior fiscal years. This pro-forma federal return must include all income, expenses and adjustments required.

Forms to file. Taxpayers with fiscal years ending in 2008 must file Form C-8000 to calculate their final fiscal return. The filing of Form C-8044 will not be accepted.

Amended Returns. If you are filing an amended return for a final fiscal year, use the 2007 Form C-8000 and print "AMENDED" at the top. There will not be a Form C-8000X applicable to this situation.

Additional Instructions Pertaining to Specific Forms

(Forms not addressed here need no supplemental instructions.)

C-8000, Single Business Tax Annual Return

Actual Method filers do not need to complete the prorated lines.

Line 1b, Fiscal filer, annual method. Check the box if you compute tax in accordance with the annual method. Compute the percentage of your 2007-08 accounting period attributable to 2007.

Line 10b, Prorated Gross Receipts. If gross receipts on line 10a are computed under the annual method, enter line 10a multiplied by the percentage on line 1b.

Line 32b, Prorated Tax Base. If the tax base on line 32a is computed under the annual method, enter line 32a multiplied by the percentage on line 1b.

Line 33, Apportioned Tax Base. If taxable in another state, multiply line 32a or b, whichever applies, by the percentage from Form C-8000H, line 16 or 19, whichever applies.

SHORT METHOD to Compute SBT. The maximum SBT any filer pays is equal to the tax rate times one-half of the adjusted gross receipts. Adjusted gross receipts for this purpose means gross receipts, apportioned for companies doing business outside of Michigan, plus recapture of capital acquisition deduction. For a fiscal year filer choosing to compute the tax base using the annual method, this means prorated gross receipts on Form C-8000, line 10b, apportioned for companies doing business outside of Michigan, plus recapture (not prorated) of capital acquisition deduction. Figure this amount quickly by using Form C-8000S, *SBT Reductions to Adjusted Tax Base*, on page 57, lines 9 through 14, instead of figuring the tax base on Form C-8000. To use the SHORT METHOD, follow these steps:

1. Enter gross receipts on Form C-8000, line 10a.
If gross receipts on line 10a are computed under the annual method, enter prorated gross receipts on line 10b.
2. If claiming an unincorporated credit, enter the business income on Form C-8000, line 11.
3. On Form C-8000, line 35, enter recapture, if applicable, from Form C-8000D, line 19.
4. Complete Form C-8000S, lines 9 through 14 only.
5. Enter the amount from Form C-8000S, line 14, on Form C-8000, line 42, and complete Form C-8000.

C-8044, Single Business Tax Simplified

Return. This form **cannot** be used by final fiscal year filers with tax years ending in 2008.

C-8000C, SBT Credit for Small Businesses

and Contribution Credits. All credits against the tax must be earned and calculated based on actual payments made and actions performed prior to January 1, 2008, regardless of the method selected for the tax calculation.

Part 1: Adjusted Business Income

Line 6b, Prorated Subtotal. If adjusted business income on line 6a is computed under the annual method, enter line 6a multiplied by the percentage on Form C-8000, line 1b.

Lines 7 and 8, Compensation and Directors Fees. Officers and active shareholders will be reported on an actual basis on lines 7 and 8, regardless of the method selected for the tax calculation.

Line 9, Adjusted Business Income. Add lines 6a or 6b, whichever applies, 7 and 8.

Part 2: Small Business Credit

Line 10, Tax base from Form C-8000. Enter line 32a or 32b, whichever applies.

Part 3: Reductions Based on Excess Gross

Receipts - Complete this section if annualized gross receipts are greater than \$9 million but do not exceed \$10 million. Enter annualized gross receipts on Line 20 for tax years less than 12 months.

Part 4: Contribution Credits

Lines 29, 31, and 33, Donations. Provide a partial credit for donations made to various qualifying organizations. These donations must have been made prior to 2008, regardless of the method selected for the tax calculation.

Line 34, Public Utility Property Tax Credit.

Taxes claimed must be imposed prior to 2008.

3307, SBT Loss Adjustment Worksheet for the Small Business Credit.

Part 1: Current Year Amounts - Business Income and Shareholder Compensation disqualifiers must be computed on an annualized basis. Enter annualized numbers on lines 1, 4 and 6.

Part 2: Available Loss. Final fiscal year filers will use the information from the five preceding periods, which will include the fiscal year ending in 2007.

C-8000D, SBT Recapture of Capital

Acquisition Deduction. A recapture of capital acquisition deduction will be required only for dispositions prior to January 1, 2008.

C-8000G, SBT Statutory Exemption/Business Income Averaging.

Final fiscal year filers will average business income for fiscal years ending in 2004, 2005, 2006, 2007 (full year) and 2007 (short period). For the short period return ending December 31, 2007, annual method filers should multiply business income for the full 2007-2008 federal period by the percentage on C-8000, line 1b and then annualize the result prior to averaging.

C-8000ITC, SBT Investment Tax Credit. Credits against the tax must be earned and calculated based on actual payments made and actions performed prior to January 1, 2008, regardless of the method selected for the tax calculation. Do not include acquisitions or dispositions occurring in 2008 in calculation of the ITC.

Line 26. Multiply the result of line 25 by the adjusted gross receipts percentage from the table in the general instructions. Adjusted gross receipts must be annualized for a period of less than 12 months.

C-8000KC, SBT Schedule of Shareholders and Officers.

In columns H through J enter actual dividends, salaries, wages, director's fees, employee insurance plans, pensions, etc., received during the tax year in 2007, regardless of the method selected for the tax calculation. For a fiscal filer choosing to compute the tax base using the annual method, Column L "Share of Business Income" will have to be adjusted to reflect the prorated business income.

C-8000KP, SBT Schedule of Partners. For a fiscal year filer choosing to compute the tax base using the annual method, Column E "Share of Business Income" will have to be adjusted to reflect the prorated business income.

C-8000MC, SBT Miscellaneous Credits. All credits against the tax must be earned and calculated based on actual payments made and actions performed prior to January 1, 2008, regardless of the method selected for the tax calculation.

Certificates for the Michigan Historic Preservation Credit and the Brownfield Rehabilitation Credit must show a completion date prior to 2008. To be eligible for SBT MEGA Employment, Hybrid Technology Research and Development, Transferred Jobs, Next Energy Business Activity, Qualified Start-Up Business, and MEGA Business Activity credits, MEGA certificates must be received for the period ending December 31, 2007.

The WDSB credit is available only for the amount authorized by the Department of Labor and Economic

Growth during the portion of the 2007-08 fiscal year that is in 2007.

Apprenticeship and Industrial Personal Property Tax credits are limited to amounts paid in the portion of the 2007-08 fiscal year that is in 2007.

C-8000S, SBT Reductions to Adjusted Tax Base.

Line 9, Gross receipts from Form C-8000. If gross receipts on Form C-8000, line 10a, are computed under the annual method, enter prorated gross receipts from Form C-8000, line 10b.

C-8009, SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups.

Form C-8009 must be completed by all controlled groups, including affiliated groups, controlled groups of corporations, and entities under common control, to calculate the standard or alternate small business credit. The gross receipts, adjusted business income and tax base of all members of the group must be combined to determine eligibility and to compute the credit. Form C-8009 is also used to allocate the statutory exemption among members of the group. Each member's business activities attributable to its tax year(s) ending within the calendar year 2007 are required to be consolidated on Form C-8009.

If an entity (short-year entity) has two taxable years ending in a controlled group calendar year, as will most 2007 fiscal year filers, two Form C-8009s must be filed, each reflecting all other members of the group and one tax period of the short-year entity. The business activities of the other members are reported identically on each Form C-8009.

A controlled group is disqualified from taking a small business credit if combined gross receipts exceed \$10 million, if combined adjusted business income exceeds \$475,000, or if allocated income exceeds \$115,000. If a disqualifier exists for any of the other members on either Form C-8009, then all members (including the short-year entity) will be denied the small business credit on both Forms C-8009. However, if a disqualifier exists only for the short-year entity on only one Form C-8009 (one tax year) this will not disqualify the short-year entity from taking the small business credit on the other Form C-8009 (the other tax year). The other members, in either case, will be denied the small business credit on both Forms C-8009. When one member of an affiliated group is allowed the credit but another is not, calculation of the credit for the eligible member is still completed on Form C-8009, using the business activity of the entire group.

Adjusted business income, gross receipts, and allocated income to owners or officers for the short-period return must be annualized to determine

eligibility for that C-8009. Annualized allocated income must be used to determine the reduction percentage for the credit when annualized allocated income is between \$95,000 and \$115,000 for any owner or officer of any member of the group. If annualized gross receipts exceed \$9 million, but do not exceed \$10 million, complete Part 6. See page 7 for complete annualizing instructions.

If the short-year entity is allocated any statutory exemption, this allocation is made identically to each taxable year. The statutory exemption must be prorated for the short-period return.

Part 3: Adjusted Business Income

For fiscal year filers choosing the annual method to report their final SBT business activity, the calculation of Adjusted Business Income will require that Business Income, Capital Losses and Net Operating Losses be subtotaled and prorated. Compensation and Directors Fees from Form C-8000KC must be reported on an actual basis, regardless of the method selected for the tax calculation.

Line 8b, Prorated Subtotal. If adjusted business income on line 8a is computed under the annual method, enter line 8a multiplied by the percentage on Form C-8000, line 1b. Actual method filers enter 100 percent of line 8a.

C-8010AGR, SBT Adjusted Gross Receipts for Controlled Groups. For periods less than 12 months, enter annualized amounts on line 3, column A. For columns B and C, do not include dispositions occurring in 2008.

C-8043, SBT Statutory Exemption Schedule.

For a fiscal year filer choosing to compute the tax base using the annual method, Line 3, Business Income and Line 4, Loss Carryovers, must be subtotaled on Line 5a and prorated on Line 5b using the percentage of your 2007-08 accounting period attributable to 2007, as reported on Form C-8000, line 1b. For a period less than 12 months, the statutory exemption, including increased exemptions, must be prorated.

Form 4, Application for Extension of Time to File Michigan Tax Returns.

① **Note:** If the standard SBT extension period is not sufficient to allow a fiscal year taxpayer to gather necessary information for its final SBT return, Treasury will, upon request, grant a special extension appropriate to the circumstances.

Line 2, Month and Year Your Tax Year Ends. Enter the actual tax year-end (month and year) from your federal return.

If a properly prepared application along with appropriate estimated tax payments are received by April 30, 2008, Treasury will adjust the deadline for filing the final return to the last day of the fourth month after the date entered on line 2, and will grant an extension of 180 days to file the tax return. If, on Form 4, the taxpayer indicates an extension to file their federal income tax return has been granted, Treasury will grant the same length of time as the federal extension plus an additional 60 days.